

**1. Officials have told ICIJ that the DTA signed with Mauritius is urgent to renegotiate because it causes revenue losses to the officials' countries. Officials have told ICIJ that Mauritius has been slow to respond to requests to renegotiate certain treaty provisions.**

**a. Does Mauritius believe existing treaties are harmful to treaty partners?**

Mauritius currently has a network of 45 tax treaties, all of which are based on a combination of the OECD and the UN Model Tax treaties. All our Double Taxation Treaties are negotiated bilaterally with the partner country in a climate of mutual understanding and cooperation with a view to a win-win situation for both sides. Each party makes proposals to boost up economic growth and avoid tax evasion through effective exchange of information. And it is only after both countries are agreeable to the terms and conditions that those treaties come to fruition.

Given that our model agreement is based on the OECD or the UN standards, therefore, we are of the view that our treaties do not contain harmful features. Besides, 41 out of 45 treaties are covered under OECD's Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting.

In addition, the recent United Nations Conference on Trade and Development (UNCTAD) World Investment Report 2019 highlights the important role played by Mauritius in intra – regional investment flow. Foreign Direct Investment (FDI) stock from India, Malaysia, Singapore, South Africa and Thailand to Small Island Developing States (SIDS) is almost all concentrated through Mauritius, as a gateway to other African markets. Mauritius is the third largest destination, accounting for 16 per cent (compared with 12 per cent in 2013) of the United States FDI stock in SIDS.

It is therefore clear that our partner countries realize that those agreements give certainty to investors and which contribute immensely in boosting their economy. A concrete example is the recent signing of the DTA between Mauritius and Kenya despite a lot of sensationalism about it.

**b. Why do certain treaty partners believe Mauritius has been reluctant to renegotiate?**

The perception that Mauritius is reluctant to renegotiate existing treaties is wrong; on the contrary, since 2009, we have requested, under our own initiative, the renegotiation of over 60% of the tax treaties to bring them in conformity with international norms.

**2. According to tax officials from Mauritius treaty partner countries, DTAs with Mauritius resulted in gains for corporations and for Mauritius with little benefit for treaty partner countries.**

**a. Do you agree with this assessment? If not, why?**

A DTA is an important part of the business eco-system which promotes cross border investments. Independent reports show that this arrangement has allowed major flow of Foreign Direct Investment (FDI) into the recipient countries.

Any assessment of the benefits therefore should not focus only on income tax revenue/savings that accrue to the different parties, but should rather also look at economic development, including employment creation, domestic consumption, direct and indirect revenues, amongst others.

Mauritius is being used as an Investment Platform **not only** because of the DTAA (other countries have same provisions) but also because of the quality of the service, its pool of professionals and the quality of its regulatory framework, amongst others.

**3. How many existing treaty partners have signaled, formally or informally, their intention to cancel or renegotiate DTAs signed with Mauritius?**

We cannot comment on any informal sources as they cannot be confirmed. As far as formal requests are concerned, so far, only one DTA has been terminated and negotiations are ongoing with this country for a replacement. Furthermore, renegotiations are ongoing with 6 countries.

**4. The online company registry in Mauritius does not include information on beneficial ownership information, country of proposed activity or all shareholders. Why does Mauritius not currently provide beneficial ownership information, court of activity information and other corporate details online and for free?**

Your question sounds more like a suggestion. Mauritius follows international standards regarding maintenance and disclosure of beneficial ownerships information. Our framework, including beneficial ownership, has been assessed by the Global Forum on Transparency and Exchange of Information for Tax Purposes, and Mauritius has obtained Compliant status.

Moreover, since December 2016 Mauritius has joined the new initiative on the systematic sharing of beneficial ownership information initiated by the UK, France, Germany, Italy and Spain. This initiative follows from the Financial Action Task Force standards.

Annually, we receive over 200 requests for exchange of tax information including beneficial ownership information. We have always fulfilled our obligations with regard to exchange of information with our treaty partners.

**5. We understand that Mauritius does not have legal instruments to exchange information with some countries, including some countries in Africa. How does Mauritius ensure that neighboring countries have access to relevant corporate information?**

Mauritius has a culture of transparency and good governance in all activities and at all levels of business. Mauritius has a broad exchange of information network, including the Multilateral Convention on Mutual Administrative Assistance on Tax Matters, Corporate Reporting Standards, FATCA and DTA with over 140 countries. We systematically exchange such information with our partners on a regular basis.

Furthermore, with a view to boost transparency by multinational enterprises (MNEs), Mauritius has signed the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA).

Mauritius is willing to exchange information with any country, provided there is a legal instrument for doing so.

**6. According to documents we have seen, GBC1 companies and related non-Mauritius directors acknowledged having “no activity” and traveling to Mauritius only for board meetings. Does the Government of Mauritius believe that this satisfies substance?**

Mauritius follows international standards regarding substance requirements. The new framework has been reviewed by the OECD and recognized to be compliant with standards set by the Forum on Harmful Tax Practices.

This framework, including substance has been subject to several amendments recently which provides for Global Business licenses (formerly GBC 1) to be subjected to more substance requirements in the form of core income generating activities to, from or within the jurisdiction.

**7. According to documents we have seen, GBC1 companies submitted financial statements and CTX returns that indicated profits worth up to tens of millions of dollars, despite having no employees in Mauritius. Does the Government of Mauritius believe that this satisfies substance?**

Government's role is to provide the necessary eco-system and a conducive business environment to investors and for entrepreneurs to do business. Furthermore, the OECD has itself in its report Action 5 stated that companies that hold equity participation and earn only dividend and capital gains do not require much substance in order to exercise their activities. However, in so far as other companies holding Global Business Licenses (formerly GBC1) are concerned, the amendment in the Financial Services Act was brought to include the core income generating activities to be carried out in Mauritius.

We also wish to put on record that there are mechanisms in place to track any malpractice or abuse and we believe that our system has worked well so far.

**8. In the Government of Mauritius' reply to ICIJ in 2017, it stated Mauritius had started the process for bilateral discussions with 19 other treaty partners to amend DTAs to include anti-abuse provisions. How many of those 19 DTAs now have anti-abuse provisions?**

Mauritius has indeed started the process for renegotiation with 19 treaty partners and has actually gone further by including 18 of these treaties under the MLI to ensure they are BEPS-compliant, and they thus automatically include anti-abuse provisions through the Primary Purpose Test (PPT).

**9. Experts have warned that the Primary Purpose Test (PPT) may be difficult to put into practice, in particular for developing countries that may have resource and financial constraints to make challenges under PPT. Do you wish to comment?**

Given the wide discretionary powers that the PPT confers to the tax officials it is in fact a very powerful tool to combat treaty abuse.

**10. Regarding “enhanced substance,” by what measurements will Mauritius determine whether a company has a "suitable number of reasonably qualified persons" or a "minimum level of expenditure, which is proportionate to its level of activities"?**

Mauritius will follow strictly the rules which have been developed by the FHTP of the OECD, which require that core income generating activities have to be carried out in the jurisdiction providing

the preferential tax treatment (implying availability of adequate suitably qualified personnel and incurring minimum level of operational expenses).

The requirements of substance for specific activities have all been assessed by the FHTP and have been recognized as satisfying the international standards.

**11. As you will know, Conyers Pearman & Dill (Mauritius) underwent a management buy-out and has been renamed Venture Corporate Services Ltd and Venture Law Ltd. What review of the buy-out, its terms, taxation, and valuation, if any, was conducted by you or your ministry?**

Although tax matters do not fall within the mandate of my Ministry, there are regulatory institutions which are responsible for the matters referred to in the question. It is important to note that our tax authority has always applied the law to ensure that all taxpayers comply with their tax obligations and pay their fair share of tax. The tax authority cannot disclose taxpayer specific information as this is strictly confidential.

**Consolidated Response to the ICIJ – 16 July 2019**